

Message Text

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ORIGIN OES-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ACDA-07
CIAE-00 INR-07 IO-13 L-03 NSAE-00 NSC-05 EB-08
NRC-05 DODE-00 ERDA-05 SS-15 SP-02 PM-05 AID-05
/111 R

DRAFTED BY OES/NET/RD:JCOON:BJE
APPROVED BY OES/NET/RD:JBDEVINE
NEA/INS:ROBER
PM/NPO:GOPLINGER
ACDA:RWILLIAMSON
EUR/RPE:WSALISBURY
OES/NET/IN:DHOYLE

-----015441 301049Z /13

R 300103Z JUL 77
FM SECSTATE WASHDC
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AMEMBASSY NEW DELHI
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C O N F I D E N T I A L STATE 178967

USIAEA BRUSSELS FOR USEEC

E.O. 11652: GDS

TAGS: MNUC, PARM, GW, IN

SUBJECT: US NUCLEAR FUEL FOR THE TARAPUR REACTOR

REF: BONN 12058

1. EMBASSY OFFICER MAY DRAW ON FOLLOWING INFORMATION IN
RESPONDING TO FONOFF QUERIES ON US EXPORTS OF LOW-
ENRICHED URANIUM FOR INDIA'S TARAPUR POWER REACTORS. WE
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WELCOME THIS OPPORTUNITY TO BRING FRG UP TO DATE ON NUCLEAR
MATTERS WITH RESPECT TO INDIA. BECAUSE OF INDIAN SENSI-
TIVITIES ABOUT DISCUSSION OF OUR NUCLEAR DIFFERENCES WITH
THIRD COUNTRIES, IT IS IMPORTANT THAT FRG OFFICIALS KEEP
THIS INFORMATION CONFIDENTIAL.

2. AS FRG AWARE, NEW INDIAN PRIME MINISTER HAS MADE A

NUMBER OF ENCOURAGING STATEMENTS RULING OUT NUCLEAR WEAPONS DEVELOPMENT FOR INDIA AND EXPRESSING GRAVE DOUBTS ABOUT THE UTILITY OF FURTHER NUCLEAR EXPLOSIVE TESTS. PRESIDENT CARTER HAS INDICATED THAT WE WISH TO EXPAND OUR DIALOGUE WITH THE NEW INDIA GOVERNMENT ON A VARIETY OF ISSUES, INCLUDING NUCLEAR MATTERS. IN HIS INITIAL CALL ON THE PRIME MINISTER, OUR NEW AMBASSADOR SUGGESTED THAT THE US WOULD LIKE TO ENTER INTO DISCUSSIONS ON ISSUES RELATED TO NON-PROLIFERATION, AND THE PRIME MINISTER WELCOMED THE INITIATIVE AND AGREED TO TALKS.

3. AN APPLICATION FOR AN EXPORT LICENSE FOR LOW-ENRICHED URANIUM FUEL FOR TARAPUR HAD BEEN PENDING FOR OVER A YEAR. FAILURE TO DELIVER AT THIS TIME WOULD HAVE LED TO NEAR-TERM SHUTDOWN OF THE INDIAN FUEL FABRICATION FACILITY WITH SUBSEQUENT CURTAILMENT OR SHUTDOWN OF THE TARAPUR REACTORS AND SIGNIFICANT CUTBACKS IN ELECTRICAL POWER IN THE HEAVILY INDUSTRIALIZED AREA OF WESTERN INDIA.

4. AFTER THE GOI AGREED TO DISCUSSIONS, THE EXECUTIVE BRANCH RECOMMENDED TO THE NRC FAVORABLE ACTION ON THE LICENSE APPLICATION IN THE BELIEF THAT OUR FOREIGN POLICY INTERESTS WOULD BE BEST SERVED BY ESTABLISHING A FAVORABLE ATMOSPHERE FOR OUR DISCUSSIONS ON NON-PROLIFERATION

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QUESTIONS AND THAT AN INTERIM SHIPMENT OF FUEL FOR TARAPUR COULD CONTRIBUTE TO SUCH AN ATMOSPHERE. ON JUNE 28 THE NRC APPROVED THE PENDING LICENSE.

5. NEGOTIATIONS ARE ENVISAGED ON TWO LEVELS: ONE CONCERNED WITH TECHNICAL PROBLEMS SUCH AS DISPOSITION OF TARAPUR SPENT FUEL AND THE OTHER WITH BROADER NON-PROLIFERATION ISSUES. AT THE TECHNICAL LEVEL, WE HAVE OFFERED TO PROVIDE EXPERTS TO ADVISE THE GOI ON THE FEASIBILITY OF INCREASING THE CAPACITY OF TARAPUR SPENT FUEL STORAGE BASIN. LAST YEAR INDIA AGREED IN PRINCIPLE TO THE EVENTUAL RETURN OF TARAPUR SPENT FUEL BUT WE DID NOT AT THAT TIME WORK OUT THE LOGISTICAL AND FINANCIAL PROBLEMS INVOLVED. THE QUESTION OF THE DISPOSITION OF THE SPENT FUEL WILL ALSO BE FURTHER EXPLORED IN TECHNICAL LEVEL TALKS WITH THE INDIANS. AT THE POLICY LEVEL, WE HAVE HAD INITIAL CONTACTS AND DR. JOSEPH NYE AND OTHERS WILL BE CONTINUING TALKS IN DELHI FOLLOWING THE SUMMIT 7 EXPERT MEETING IN PARIS. WE ARE INITIALLY APPROACHING OUR NUCLEAR DIFFERENCES IN A VERY GENERAL WAY, SEEKING TO INFORM THE INDIANS ON OUR BROAD NON-PROLIFERATION CONCERNS AND THE OVERALL DIRECTION OF OUR POLICIES, INCLUDING OUR NUCLEAR EXPORT

POLICIES.

6. AT THIS TIME WE SEE NO PROSPECT OF INDIA ADHERING TO THE NPT. THE PROSPECTS FOR GAINING INDIAN AGREEMENT TO FULL-SCOPE SAFEGUARDS AND ITS WILLINGNESS PERHAPS TO ADHERE TO POLICIES ON EXPORTS OF SENSITIVE NUCLEAR TECHNOLOGY AND EQUIPMENT CONSISTENT WITH THE ZANGGER COMMITTEE AND LONDON GUIDELINES, WHILE NOT IMMEDIATELY PROMISING, COULD IMPROVE DEPENDING ON THE FURTHER POSITIVE DEVELOPMENT OF INDO-US RELATIONS AND THE EXTENT TO WHICH OTHER COUNTRIES, ESPECIALLY SUPPLIERS, ADOPT MORE STRINGENT

NUCLEAR POLICIES IN THE NEXT MONTHS. AT PRESENT MANY GOI OFFICIALS APPEAR TO BELIEVE THAT SAFEGUARDS WOULD SOMEHOW CONFIDENTIAL

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INHIBIT THEIR NUCLEAR DEVELOPMENT. ONE OBJECTIVE OF OUR INITIAL TALKS IS TO DISABUSE THEM OF THIS NOTION. NEEDLESS TO SAY, WE WILL ALSO BE SEEKING OPPORTUNITIES TO POINT OUT THE POSSIBLE ADVANTAGES FOR INDIAN NUCLEAR DEVELOPMENT WHICH MIGHT FLOW FROM A WILLINGNESS TO ACCEPT FULL SCOPE SAFEGUARDS AND THUS PERMIT WIDER INTERNATIONAL COOPERATION.

7. AS FRG AWARE, OUR PROPOSED NON-PROLIFERATION LEGISLATION NOW PENDING BEFORE CONGRESS WILL SET OUT THE CONDITIONS FOR CONTINUING SUPPLY OF NUCLEAR MATERIAL UNDER EXISTING AGREEMENTS AS WELL AS MORE STRINGENT REQUIREMENTS FOR NEW OR EXPANDED COOPERATION--THE LATTER INCLUDING THE APPLICATION OF IAEA SAFEGUARDS TO ALL EXISTING FACILITIES. PRIOR TO PASSAGE OF THIS LEGISLATION, HOWEVER, WE CONSIDER IT PREMATURE TO ENTER INTO SPECIFIC NEGOTIATIONS ON ANY OF OUR NUCLEAR AGREEMENTS.

8. ON THE SPECIFICS OF THE FUEL FOR TARAPUR, EXPORT IS PURSUANT TO OUR EXISTING BILATERAL AGREEMENT WITH INDIA UNDER WHICH WE ARE COMMITTED TO PROVIDE FUEL FOR TARAPUR REACTORS. TARAPUR IS UNDER IAEA SAFEGUARDS. THE GOVERNMENT OF INDIA IN 1974 ADDITIONALLY GAVE A WRITTEN ASSURANCE THAT THE SPECIAL NUCLEAR MATERIAL, AND PRODUCTS THEREFROM, EXPORTED BY THE US TO TARAPUR WILL BE DEVOTED EXCLUSIVELY TO THE NEEDS OF THAT STATION UNLESS THE US SPECIFICALLY AGREES THAT SUCH MATERIAL CAN BE USED FOR OTHER PURPOSES. OBVIOUSLY, WE WOULD NOT AGREE TO THE USE OF SUCH MATERIAL IN ANY NUCLEAR EXPLOSIVE DEVICE. THE GOI IS AWARE THAT ANOTHER NUCLEAR TEST WOULD LEAD TO IMMEDIATE TERMINATION OF OUR NUCLEAR COOPERATION WITH INDIA

WHETHER OR NOT US-ORIGIN MATERIALS WERE USED.
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9. BY THE TERMS OF THE 1963 AGREEMENT, SPECIAL NUCLEAR MATERIAL SUPPLIED TO INDIA BY THE US MAY NOT BE REPROCESSED UNLESS THERE IS A JOINT DETERMINATION OF THE PARTIES TO THE AGREEMENT THAT SAFEGUARDS MAY BE EFFECTIVELY APPLIED. THE USG HAS ADVISED THE GOI THAT WE ARE NOT PREPARED TO MAKE A DETERMINATION THAT THE INDIAN REPROCESSING FACILITY AT TARAPUR (PREFRERE) CAN BE EFFECTIVELY SAFEGUARDED.

10. FINALLY, THE FRG FONOFF ASKED ABOUT SAFEGUARDS IN RELATION TO THE SOVIET HEAVY WATER SALE FOR THE SECOND RAJASTHAN REACTOR (RAPP II). WE UNDERSTAND THAT THE IAEA AND GOI ARE NEGOTIATING A SAFEGUARDS AGREEMENT TO COVER USE OF SOVIET HEAVY WATER IN THE RAJASTHAN POWER REACTORS.

THE GOI IS APPARENTLY RELUCTANT TO PERMIT APPLICATION OF SAFEGUARDS TO BOTH RAPP I AND RAPP II, CONTENDING THAT SOVIET HEAVY WATER WILL BE USED ONLY IN RAPP I. BOTH WE AND THE CANADIANS ARE EXTREMELY ANXIOUS TO HAVE SAFEGUARDS AGREEMENT APPLY TO ENTIRE POWER STATION SINCE SOME US-ORIGIN, CANADIAN-SUPPLIED HEAVY WATER IS CURRENTLY IN RAPP I. THE US WILL PROBABLY NOT BE ABLE TO APPROVE ANY

AGREEMENT WHICH MAY COME BEFORE THE IAEA BOARD WHICH DOES NOT MEET THIS REQUIREMENT. THE USSR INDICATED RECENTLY THAT IT WOULD SHIP NO MORE HEAVY WATER TO INDIA UNTIL A SAFEGUARDS AGREEMENT WERE IN EFFECT, BUT WE UNDERSTAND THAT THEY HAVE SO FAR REFUSED TO PRESS GOI ON THE BROADER COVERAGE WE DESIRE. INCIDENTALLY, ON OCCASION OF THIS EXCHANGE, THE USSR STRONGLY CRITICIZED THE FAILURE OF THE EC AND IAEA TO REACH AGREEMENT ON FACILITY ATTACHMENTS IN CONNECTION WITH APPLICATION OF IAEA SAFEGUARDS TO EURATOM. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, URANIUM, NUCLEAR FUELS, NUCLEAR REACTORS, BRIEFING MATERIALS
Control Number: n/a
Copy: SINGLE
Sent Date: 30-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE178967
Document Source: CORE
Document Unique ID: 00
Drafter: JCOON:BJE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770274-0069
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977071/aaaaaarp.tel
Line Count: 208
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7be98662-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 BONN 12058
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1718626
Secure: OPEN
Status: NATIVE
Subject: US NUCLEAR FUEL FOR THE TARAPUR REACTOR
TAGS: MNUC, PARM, GE, IN, US
To: BONN
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7be98662-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009